



**United States
Department
of
Agriculture**

**Office of the Chief Financial
Officer**

**Whitten Building 143
W
14th & Independence
Ave SW
Washington, DC
20250**

DEPARTMENTAL ACCOUNTING POLICY

Number: AP-02-001
Subject: Intradepartmental Transactions
Date: July 15, 2002
OPI: Associate Chief Financial Officer - Controller
Operations

/s/ _____
Jesse L. King
Confidential Assistant, Controller Operations

1 PURPOSE

This prescribes the policies and procedures for identifying, reconciling, and reporting intradepartmental transactions to facilitate elimination of intradepartmental balances for the consolidated financial statements.

2 SIGNIFICANT REVISIONS

This policy supersedes and replaces AP-01-001 dated July 12, 2001, Amended March 13, 2002.

Beginning September 30, 2002 intradepartmental transactions will be reported and eliminated monthly for the consolidated financial statements.

No threshold will be in effect for the identification of amounts to be eliminated. All intradepartmental balances will be reported.



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A web based Intradepartmental Transaction Reporting System will be used by agencies for reporting of intradepartmental balances and supporting detail, and for reconciliation between trading partners of reported amounts.

Specific procedures required to account for intradepartmental activity are provided. A key requirement of this Policy is that the intradepartmental balances reported for elimination must be the amounts which are in the agency general ledger accounts, and in reciprocal accounts on the trading partner general ledger. Although this is not a change in policy, it involves a substantial change from previous practice by many agencies.

3 RELATED REFERENCES

A series of Bulletins has been issued by the Office of the Chief Financial Officer (OCFO) to aid in:

- 1) recording intradepartmental transactions;
- 2) identifying amounts to be eliminated;
- 3) reconciling with trading partners; and
- 4) reporting of intradepartmental transactions.

The OCFO Bulletins are incorporated herein by reference and are contained as Attachments. They are:

ATTACHMENT A: OCFO Bulletin #2002-001 Miscellaneous Vendors

ATTACHMENT B: OCFO Bulletin #2002-002 Positive Confirmations

ATTACHMENT C: OCFO Bulletin #2002-003 Vendor Standards

ATTACHMENT D: OCFO Bulletin #2002-004 Timing Differences

ATTACHMENT E: OCFO Bulletin #2002-005 Suspense Accounts

4 DEFINITIONS



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A Intradepartmental transactions. Transactions, including fund transfers, which are subject to elimination for the consolidated financial statements, occurring between agencies of a department.

B Providing agency. The agency selling goods and services to another agency is the providing agency. The agency transferring out assets to another agency is also the providing agency.

C Receiving agency. The agency buying goods and services from another agency is the receiving agency. The agency receiving assets transferred in from another agency is also the receiving agency.

D Reciprocal accounts. Corresponding standard general ledger (SGL) accounts that should be used by a providing and receiving agency to record like intradepartmental transactions. For example, the providing agency's accounts receivable would normally be reconciled to the reciprocal account, accounts payable, on the receiving agency's records. For a list of typical reciprocal accounts, refer to the Federal Intragovernmental Transactions Accounting Policies and Procedures Guide.

5 POLICIES AND PROCEDURES

A Agencies will identify, reconcile, and report intradepartmental balances monthly, beginning with the period ending September 30, 2002.

B Each agency and certain staff offices will establish a point of contact for identifying, reconciling, and reporting intradepartmental transactions as follows:



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Departmental Administration/Staff Offices (DASO)
Working Capital Fund (WCF)
Office of Inspector General (OIG)
Farm Service Agency (FSA)
Commodity Credit Corporation (CCC)
Foreign Agricultural Service (FAS)
Risk Management Agency (RMA)
Food and Nutrition Service (FNS)
Food, Safety, and Inspection Service (FSIS)
Agricultural Marketing Service (AMS)
Animal and Plant Health Inspection Service (APHIS)
Grain Inspection, Packers and Stockyards Administration
(GIPSA)
Forest Service (FS)
Natural Resources Conservation Service (NRCS)
Agricultural Research Service (ARS)
Cooperative State Research, Education, and Extension Service
(CSREES)
Economic Research Service (ERS)
National Agricultural Statistics Service (NASS)
Rural Development (RD)

C Identification

1 Agencies will identify all activity and balances resulting from transactions with other agencies from five SGL account groups. They are Assets (1000 Series), Liabilities (2000 Series), Revenues (5000 Series), Expenses (6000 Series), and Gains, Losses, Miscellaneous Items (7000 Series).

This includes items in agency suspense accounts. As required in **ATTACHMENT E: OCFO Bulletin #2002-005** Suspense Accounts, each agency, in preparation of elimination entries, will: (a) identify all balances which represent intradepartmental transactions in agency SGL account 2400 / Treasury Symbols 12F3885 and



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12F3875; and (b) reclassify those transactions to the appropriate general ledger accounts.

2 All intradepartmental activity is to be based on signed agreements. No intradepartmental transactions are permitted without an agreement signed by both trading partners. All reimbursable authority has a single year basis.

3 The elimination of intradepartmental activity for the consolidated financial statements requires that the same amount must exist in each trading partner's general ledger in reciprocal accounts.

Agencies are required to identify intradepartmental balances from automated reports based on the agency general ledger.

4 No threshold will be in effect for the identification of amounts to be eliminated.

5 Each agency will follow a schedule for recognition in the same accounting period by both the providing and receiving agency for all intradepartmental transactions as specified in **ATTACHMENT D: OCFO Bulletin #2002-004 Timing Differences**.

6 The use of miscellaneous vendor codes is prohibited on any transaction, including accounting adjustments, per **ATTACHMENT A: OCFO Bulletin #2002-001 Miscellaneous Vendors**. The only exception is for commitment transactions booked before the vendor has been determined.

7 Agencies are allowed to add vendor records to the VEND table in accordance with the policies and procedures contained in **ATTACHMENT C: OCFO Bulletin**



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#2002-003 Vendor Standards, through September 30, 2002.

Effective October 1, 2002, all changes to the VEND table will be made by the National Finance Center (NFC) Table maintenance Group. After that date no additions or changes may be made by agencies, except as may be required for a gradual phase-in of this change.

D Reconciliation

1 Each agency will enter intradepartmental activity and balances by SGL account in the web-based Intradepartmental Transaction Reporting System. This application provides real-time reporting of amounts entered by trading partners. It also allows on-line entry of details of intradepartmental transactions and balances.

Agencies are to use this system, in addition to direct communication with trading partners, to facilitate reconciliation of reported differences.

2 Both the providing and receiving agency will reconcile amounts identified and resolve any differences.

Positive confirmation to trading partners of intradepartmental balances is required, based upon verification of amounts in specific general ledger reciprocal accounts per **ATTACHMENT B: OCFO Bulletin #2002-002 Positive Confirmations**. This requires communication of intradepartmental activity and balances by SGL account, determination whether any differences exist, and resolution of those differences by recording a correcting entry to the general ledger.



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3 For FY 02 only, a reconciliation limit may apply. If a good faith effort to reconcile reported balances has resulted in a difference

- not exceeding the reconciliation limit, the trading partners will report their balances.
- exceeding the reconciliation limit, the trading partners must adjust to and report an amount not exceeding the reconciliation limit which best reflects the actual transactions.

If the trading partners cannot reach agreement within the reconciliation limit on the amount to be reported for elimination, the entities should contact the ACF0-CO.

E Reporting

1 Intradepartmental balances reported for elimination must be the amounts which are in the agency SGL accounts, and in reciprocal accounts on the trading partner general ledger.

2 All intradepartmental balances identified will be reported.

3 The Chief Financial Officer, or equivalent, for each agency will certify the balances reported monthly, beginning with the period ending September 30, 2002, by completing the Certification of Intradepartmental Transactions (Attachment F).

4 Agencies will send the Certification of Intradepartmental Transactions to the ACF0-CO and their respective mission area contacts.

5 The ACF0-CO will combine and prepare summary elimination entries monthly, from amounts reported by



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agencies in the web based reporting system, beginning with the period ending September 30, 2002, for the consolidated financial statements.

6 Agencies will retain reports, records, and certifications of intradepartmental transactions for audit purposes.

6 DUE DATES

Agencies will adhere to due dates prescribed in the timeline for the preparation and audit of the consolidated financial statements. For FY 02 the due dates follow.

October 16, 2002: Intradepartmental Transaction Reporting System opens for agencies to input activity and balances as of September 30.

November 5, 2002: Intradepartmental Transaction Reporting System closes. Differences reported must be within established limit. Certifications are due from agency Chief Financial Officers.

November 14, 2002: Intradepartmental elimination entries prepared for final statements.

7 INQUIRIES

Inquiries should be directed to ACFO-CO at (202) 720-1200.